



Neutral Citation Number: [2011] EWHC 1879 (Ch)

Case No: HC09C02982

**IN THE HIGH COURT OF JUSTICE**  
**CHANCERY DIVISION**

Royal Courts of Justice  
Strand, London, WC2A 2LL

Date: 22 July 2011

**Before :**

**THE HON MR JUSTICE ARNOLD**

**Between :**

**SAMUEL SMITH OLD BREWERY  
(TADCASTER)**

**Claimant**

**- and -**

**PHILIP LEE (TRADING AS “CROPTON  
BREWERY”)**

**Defendant**

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**Denise McFarland and Jeremy Heald (instructed by Travers Smith LLP) for the Claimant**  
**Mark Engelman (instructed by Walker Morris) for the Defendant**

Hearing dates: 4-6, 8, 11 July 2011  
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**Approved Judgment**

I direct that pursuant to CPR PD 39A para 6.1 no official shorthand note shall be taken of this Judgment and that copies of this version as handed down may be treated as authentic.

.....  
**THE HON MR JUSTICE ARNOLD**

**MR JUSTICE ARNOLD :**

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## Introduction

1. This is a case about Yorkshire pride, in more ways than one. The protagonists, Samuel Smith and Cropton Brewery, are two proud, small, independent Yorkshire breweries. There is no dispute about the quality of their respective beers. The *casus belli* is Samuel Smith's claim that Cropton Brewery has infringed Samuel Smith's registered trade mark for a stylised white rose device, and committed the tort of passing off, by use of labels incorporating two similar stylised white rose devices. For the uninitiated, a white rose is the traditional symbol of the county of Yorkshire, having been the emblem of the House of York during the Wars of the Roses. The dispute is one which ought to have been capable of settlement out of court a long time ago. Instead it has grown into a case which is out of all proportion to what is at stake in commercial terms. One explanation for this is Yorkshire pride; but I fear that the English legal system bears a measure of responsibility as well.

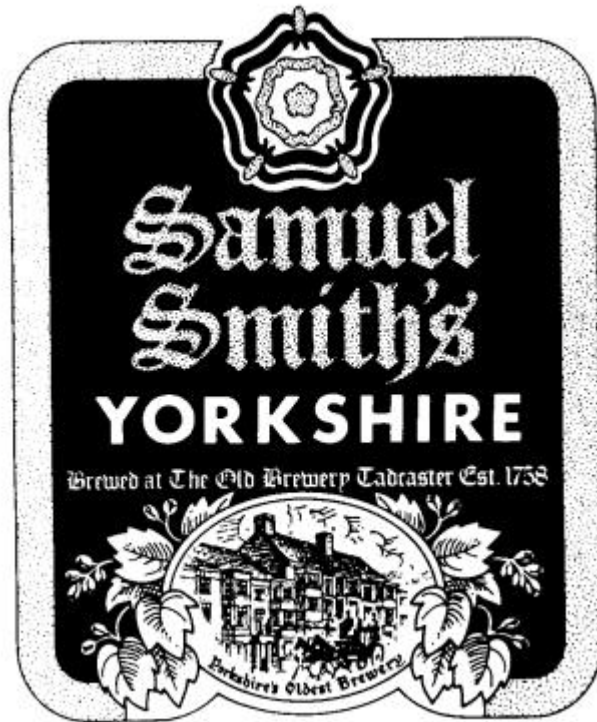
## The Trade Mark

2. Samuel Smith is the registered proprietor of UK Registered Trade Mark No. 1,006,571 ("the Trade Mark") registered as of 14 February 1973 in respect of "beer" in Class 32. The Trade Mark consists of the following device:



3. It is common ground that the Trade Mark is registered in monochrome with no indication of colour. In practice, it is used by Samuel Smith exactly as registered except that the shaded portions are normally coloured dull gold or beige.
4. It is important to note at the outset there is no challenge to the validity of the Trade Mark. I shall discuss the significance of this below.

5. Samuel Smith is also the registered proprietor of UK Registered Trade Mark No. 2,005,780 registered as of 31 October 1994 in respect of “draught and bottled beer, all brewed in Yorkshire” in Class 32. This trade mark consists of the following device:



6. Although Samuel Smith pleaded this trade mark, counsel for Samuel Smith rightly did not rely on it at trial. It adds nothing to Samuel Smith’s case, and I will say no more about it. On the other hand, it should be noted that this is one of a number of registered trade marks owned by Samuel Smith featuring the same style of label. The other trade marks differ only in the product mark or descriptor: instead of YORKSHIRE, they have NUT BROWN ALE, TADCASTER BITTER or XXXX BEST MILD.

The labels in issue

7. Samuel Smith complains about the labels used by Cropton Brewery in relation to two different beers. The first product is Yorkshire Bitter, a bottled beer brewed by Cropton Brewery exclusively for Marks & Spencer plc. I reproduce below a photograph of the label seen from the front of the bottle:



8. I reproduce below a photograph of the entire label laid flat:



9. The second product is Yorkshire Warrior, a beer brewed by Cropton Brewery for sale both on draught and in bottle. I reproduce below a photograph of the label seen from the front of the bottle:



10. I reproduce below a photograph of the entire label laid flat:



The witnesses

11. Samuel Smith called six factual witnesses. Clive Auton, who was employed by Samuel Smith in various capacities between 1964 and 2001, and Christian Horton, who has been employed by Samuel Smith since 1996 and has been marketing manager since 2001, gave evidence about Samuel Smith, its products and its use of the Trade Mark. Mr Horton also gave evidence about the present dispute and about third parties' use of rose devices. Christopher Coles, Graham Davidson, Shirley Hastings and Nicholas Taylor are respectively the managing director of an independent beer and cider retailer, two longstanding customers of Samuel Smith and a bar manager employed by Samuel Smith. They all gave evidence about their knowledge of the Trade Mark and their perception of the Cropton Brewery signs in issue.

12. Cropton Brewery called three factual witnesses. Philip Lee has been the proprietor of Cropton Brewery since 2001. Although he is a sole trader, I will refer to the business by its trading name. Lieutenant Colonel David O’Kelly has been Regimental Secretary to the Yorkshire Regiment since its formation in 2006. Michael Miles worked at The White Rose Hotel in Leeming Bar, Yorkshire from 2004-2011 and was manager from 2009-2011.
13. All of the factual witnesses were straightforward witnesses. In the case of Mr Lee, he was initially slightly reluctant to admit certain points put to him by counsel for Samuel Smith, but ultimately was frank in his admissions.
14. In addition to the factual witnesses, Samuel Smith called one expert witness, Tom Blackett. Mr Blackett is an expert in branding and marketing, having worked for the Interbrand Group for 25 years prior to retiring in 2008 and setting up as an independent consultant. Counsel for Cropton Brewery did not challenge Mr Blackett’s expertise in branding and marketing, but submitted he had no particular expertise with regard to the brewing industry. I do not accept this. Mr Blackett testified that he had particular experience of the brewing industry, having worked for a number of major clients in that field.
15. More importantly, counsel for Cropton Brewery submitted that no weight should be given to Mr Blackett’s evidence with regard to the likelihood of confusion, unfair advantage and detriment to the Trade Mark. In support of this submission, he relied on the comments of all three members of the Court of Appeal in *esure Insurance Ltd v Direct Line Insurance plc* [2008] EWCA Civ 842, [2008] RPC 34. Mr Blackett also gave evidence in that case. Arden LJ said [62]:

“Firstly, given that the critical issue of confusion of any kind is to be assessed from the viewpoint of the average consumer, it is difficult to see what is gained from the evidence of an expert as to his own opinion where the tribunal is in a position to form its own view. That is not to say that there may not be a role for an expert where the markets in question are ones with which judges are unfamiliar: see, for example, *Taittinger SA v Allbev Ltd* [1993] F.S.R. 641. However, the evidence of Mr Blackett on confusion was of no weight in this case: he merely gave evidence as to his own opinion about a market which would be familiar to judges. If more cogent evidence of customer perception is needed, the traditional method of consumer surveys must (subject to my second point) carry more weight and is to be preferred. Mr Mellor went so far as to suggest that expert evidence is inadmissible on the question of consumer perception. I do not consider that it is necessary to go quite that far because there are exceptional situations, but I note that in *The European Ltd v The Economist Newspaper Ltd* [1998] F.S.R. 283 at 290-291 Millett L.J., with whom Hobhouse and Otton L.JJ. agreed, considered that the evidence of trade witnesses who gave their opinion of the likelihood of confusion was ‘almost entirely inadmissible’. He added: ‘It is not legitimate to call such as witnesses merely in order to give their opinions whether the two signs are confusingly similar. They

are experts in the market, not on confusing similarity.’ The cogency of their evidence must in any event, save where expert knowledge of the particular market is required, be in real doubt. Its use may therefore lead to a sanction in costs. (Mr Mellor also made objections to the evidence of Mr Tildesley, but in the circumstances it is unnecessary for me to deal with these separate objections.) If the objection can be dealt with as one going to weight, this is often the course which the court takes: *Re M & R (Minors) (Sexual abuse: expert evidence)* [1996] 4 All E.R. 239.”

16. Jacob LJ said:

- “72. It will be noted that in my summary of the relevant evidence I have not referred to the “evidence” of the branding expert Mr Blackett. This was simply not of assistance. ...
73. In essence Mr Blackett’s ‘evidence’ consisted essentially of a series of assertions of fact, including an assertion about the ultimate question, namely that which the court had to decide: ...
74. His reasons for the assertion are simply argument. ...
75. It is, of course, permissible for an expert to opine on the ultimate question if it is one of fact, not law, as I said in my judgment (with the concurrence of the other members of the Court) in *Technip France SA’s Patent* [2004] EWCA Civ 381, [2004] R.P.C. 46 . ...
76. Assertions of the sort I have set out seem to me to fall within that vivid phrase, ‘empty rhetoric’ and are of no value.
77. There is another objection to this evidence. I do not think it is expert evidence at all. Mr Blackett’s experience is ‘brand development, brand management and brand evaluation.’ None of these makes him an expert on confusion between trade marks, if indeed there can be such an expert, which I doubt. Actually I suspect a reasonably experienced Chancery judge would have more experience of that.”

17. Maurice Kay LJ said:

- “80. Like Jacob L.J., I do not consider the evidence of Mr Blackett on the question of confusion to be expert evidence at all. There have been many attempts to define the scope of expert evidence. The authorities were carefully considered by Evans-Lombe J. in *Barings PLC (in liquidation) v Coopers & Lybrand* [2001] EWHC Ch 17. He concluded (at para.45) that they establish the following propositions:



‘... expert evidence is admissible under s.3 of the Civil Evidence Act 1972 in any case where the Court accepts that there exists a recognised expertise governed by recognised standards and rules of conduct capable of influencing the Court's decision on any of the issues which it has to decide and the witness to be called satisfies the Court that he has a sufficient familiarity with and knowledge of the expertise in question to render his opinion potentially of value in resolving any of those issues. Evidence meeting this test can still be excluded by the Court if the Court takes the view that calling it will not be helpful to the Court in resolving any issue in the case justly. Such evidence will not be helpful where the issue to be decided is one of law or is otherwise one on which the Court is able to come to a fully informed decision without hearing such evidence.’

It seems to me that, on any view, the evidence of Mr Blackett on confusion, viewed from the standpoint of the average consumer, does not reach the level of expert evidence as there explained.

...

82. ... In a case such as this, neither a hearing officer nor a judge in the Chancery Division requires the assistance of an ‘expert’ when evaluating the likelihood of confusion from the standpoint of the average consumer”
18. Counsel for Samuel Smith submitted that *esure* was to be distinguished from the present case on the ground that in that case Mr Blackett had accepted that he had no particular experience of the insurance industry. I do not accept this submission. The Court of Appeal’s criticisms of Mr Blackett’s evidence in that case did not rest upon his lack of expertise with regard to the insurance industry, but upon more fundamental objections to the nature of the evidence. In my judgment those criticisms are equally applicable to his evidence in the present case. In my view Mr Blackett’s evidence concerning the distinctive character of the Trade Mark has some limited weight, but his evidence with regard to the likelihood of confusion, unfair advantage and detriment to the Trade Mark has no weight at all.

### Factual background

#### *Samuel Smith*

19. Samuel Smith is one of the oldest established and still trading breweries in the UK. It is based at the Old Brewery in Tadcaster, Yorkshire. The Old Brewery was established by a family called Beaumont in the early 18<sup>th</sup> century. In 1758 Stephen Hartley took it over and sunk the well which is still used today to draw brewing water. In 1847 Samuel Smith acquired the Old Brewery for his son John. On John’s death in 1879, the Old Brewery was entailed to John’s nephew, the third Samuel Smith. In

1883 John's brother William opened a large new brewery called John Smith's on land outside the entail. John Smith's subsequently taken over by Courage, then Scottish & Newcastle and most recently Heineken. In 1886 Samuel Smith re-opened the Old Brewery.

20. Samuel Smith remains a family run business. Currently Humphrey Smith and Oliver Smith are the joint managing directors. The business is owned by a number of trusts to ensure its independence.
21. Samuel Smith prides itself on carrying on business in a traditional manner, utilising, where possible, the most traditional means of brewing its beers. In addition to the brewing water being drawn from the same well, the majority of Samuel Smith's ales and stouts are fermented in fermenting vessels made of solid slabs of slate and the yeast used to ferment the ales has remained the same strain since the 19<sup>th</sup> century.
22. Furthermore, Samuel Smith is rather self-consciously old-fashioned in many of its business practices. It still delivers locally using traditional horse drawn drays five days a week. The horses and drays also provide displays at country fairs and shows such as the Yorkshire Show. Samuel Smith does not sell its products via the internet, and until recently it did not have a website. In general, Samuel Smith does not advertise via the mass media (television, radio and press).
23. Samuel Smith operates over 200 tied public houses. These are concentrated in Yorkshire, Lancashire and Nottinghamshire, but there are some scattered throughout the UK including in London. Samuel Smith also sells its beers in various kinds of free premises, which include pubs, working men's clubs, social and sports clubs, restaurants and cafés. Again, these are concentrated in Yorkshire, Lancashire and Nottinghamshire, but are also to be found elsewhere. The bottled beers are also available via various different kinds of retail premises, but not chain supermarkets. There are retail outlets selling the beers nationwide, but there are areas where the nearest outlet is some distance away.
24. Samuel Smith brews and sells a range of beers and other beverages. They are all sold under the house mark SAMUEL SMITH (or SAM'L SMITH or SAMUEL SMITH'S) together with a product mark such as TADDY PORTER or a descriptor such as Organic Lager. In addition to beers, Samuel Smith makes and sells ciders, which unlike the beers are not brewed in Yorkshire.
25. The bottled beers are mainly sold in 550 ml bottles, although some are sold in 355 ml bottles. The bottles have the name SAMUEL SMITH embossed on them, but this is hard to see from any distance. The bottles are sold under a variety of designs of labels. A number are sold under a label corresponding quite closely with the trade mark reproduced in paragraph 5 above, except that the product name varies from beer to beer. By way of example, I reproduce below a photograph of the label of Samuel Smith's OLD BREWERY PALE ALE seen from the front of the bottle:



26. A number of beers are sold in labels that replicate to a greater or lesser degree historic labels used by Samuel Smith in the past. Almost all of the labels feature the Trade Mark at the top and in the centre, as shown above. This is also true of the ciders. The bottles also have the Trade Mark on their caps, although in the case of many of the beers this is obscured at the point of sale by a gold foil which covers the top and neck of the bottle..
27. The draught beers are dispensed via counter mounts and dispense heads, or by means of pump handles bearing pump clips, that bear similar designs to the corresponding bottled beer labels.
28. Samuel Smith prides itself on its Yorkshire heritage and connections. In particular, many of its product labels, and other promotional materials, refer prominently to the Old Brewery, Tadcaster.

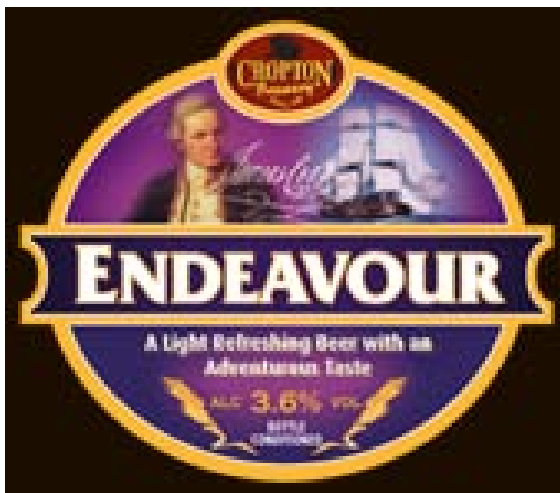
#### *The Trade Mark*

29. In about 1967 or 1968 Samuel Smith commissioned Brunning Advertising and Marketing, an advertising agency based in Leeds, to devise a logo which would both be distinctive of Samuel Smith and remind consumers of Samuel Smith's strong connection with Yorkshire. The agency came up with a stylised white rose device, which was subsequently registered as the Trade Mark. It appears that the Trade Mark was first used in relation to a beer called SOVEREIGN BITTER, which was advertised on regional television in Yorkshire. It is clear that the Trade Mark was in use by 1970 at the latest. Subsequently, Samuel Smith extended the use of the Trade Mark to almost its entire range as described above. In addition, it used the Trade Mark on and in its tied pubs and more generally to brand its business. By way of example, on 7 August 1973 Samuel Smith placed an advertisement for management trainees in the Yorkshire *Evening Post* which featured the Trade Mark prominently next to the name SAMUEL SMITH.

30. Samuel Smith applied to register the Trade Mark on 14 February 1973, having previously taken the precaution of obtaining an assignment from J. Hey & Co Ltd of two registrations (Nos. 745284 and 748594) of marks which included the words WHITE ROSE as well as a drawing of a rose. Counsel for Cropton Brewery placed some reliance on the fact that a registration (No. B828466) in the name of George Gale & Co for a mark which included the words TUDOR PALE ALE as well a rose device was cited by the Registrar against the application during prosecution. Samuel Smith's trade mark attorneys attended a hearing at which they argued that the Trade Mark "is a very stylized device intended to represent a white rose, whereas the rose in the cited mark is clearly a red and white Tudor Rose, this being reinforced by the fact that the main feature of the cited mark is the word TUDOR .". The hearing officer allowed the application to proceed to advertisement on condition that it was notified to the proprietor of the cited mark. This led to extended negotiations with George Gale via its trade mark attorneys, during the course of which Samuel Smith agreed with its attorneys' suggestion to argue that "confusion has not arisen nor would we think it likely". It is not clear how these negotiations were ultimately resolved, although it may well have been on the basis of an undertaking offered by Samuel Smith not to use the words TUDOR or TUDOR ROSE.
31. Samuel Smith has continued to make extensive use of the Trade Mark to this day, save that as I shall explain it is now used less prominently in relation to the pubs than it used to be. I have already described the manner in which the Trade Mark is used on the bottled beers. It is used in a similar manner on counter mounts, dispense heads and pump clips. It features prominently on a wide range of point of sale materials, such as signs, drip trays, mats, glasses, trays and ashtrays, and merchandise, such as posters and T-shirts. It also features prominently on the crates used by Samuel Smith. It has also been used in occasional advertising, such as an advertisement in an Official Guide to Tadcaster published by Tadcaster Town Council in 1978.
32. In the 1970s, 1980s and 1990s, the Trade Mark was displayed prominently on signs on the exterior of Samuel Smith's tied pubs. It was also incorporated into the interior furnishings of a number of pubs, for example in windows and other architectural features, as well as signs. More recently, Samuel Smith has engaged in redecorating its tied pubs in a manner which reduces the prominence of the external branding. This process is illustrated by two photographs of The Chandos at 29 St Martin's Lane, London WC2 which are in evidence. The first is dated 2 August 1995. It shows the exterior of the pub with the Trade Mark extremely prominently displayed in at least seven different places. By contrast, a photograph taken from approximately the same angle some time in 2005 shows the exterior of the pub with most of the previous branding painted over. The Trade Mark is not visible at all in this photograph.
33. Pictures of Samuel Smith bottles and labels including the Trade Mark are frequently included in newspaper and journal articles about Samuel Smith and its products. The Trade Mark has also been used on its own by third parties to designate Samuel Smith's pubs and beers. In particular, two books by Neil Hanson, *Classic Country Pubs: A CAMRA Guide* and *Classic Town Pubs: A CAMRA Guide*, both published in 1987, contain entries for several pubs which feature the Trade Mark prominently.

*Cropton Brewery*

34. Cropton Brewery was founded by Mr Lee's parents in the village of Cropton, Yorkshire in 1984. They had purchased the New Inn public house, and started brewing beer in the cellar initially to sell in the pub but soon afterwards more widely. A separate brewery was built adjacent to the pub in 1994. Since acquiring the business from his mother in 2001, Mr Lee has continued to run the pub as well as the Brewery. The Brewery has steadily expanded to the point where it currently brews 80 barrels of beer a week. Even so, it is a rather smaller concern than Samuel Smith. It has a range of approximately 18 beers (the number varies as new beers are introduced and old ones discontinued, and there are one or two seasonal specials). Its beers are sold both on draught and in bottles. They are mainly distributed in Yorkshire, but some sales are made further afield. Cropton Brewery does not advertise in the mass media, but it has had a website since 2007 and it sells its bottled beers online.
35. Apart from a small range of American-style beers recently developed for export to the US, all of Cropton Brewery's products other than the two in issue in this case are sold under the same style of label and pump clip. A representative example of this is as follows:



36. The logo at the top centre of the label, which consists of the words "CROPTON Brewery" together with a drawing of two foaming tankards, two hop shoots and the words "since 1984", appears prominently on the website as well as on labels and pump clips and on merchandise (mainly T-shirts it appears).

*Yorkshire Bitter*

37. In June 2007 Nick Dolan of Real Ale Ltd, a customer to whom Cropton Brewery had previously supplied bottled beer, contacted Mr Lee to ask if Cropton Brewery would be interested in supplying one of a range of regional beers to Marks & Spencer. As a result Cropton Brewery agreed to supply Yorkshire Bitter to Marks & Spencer. Yorkshire Bitter was the first beer in the range to be launched by Marks & Spencer, in early October 2007. It should be noted that this was prior to Marks & Spencer's decision to stock branded goods (i.e. not just goods bearing a Marks & Spencer brand), which was publicly announced on 21 May 2008.

38. Importantly, the label for the beer was designed by or on behalf of Marks & Spencer. Mr Lee's only input into the design was to supply information about the beer and to check the label design for typographical errors. As can be seen from the photograph above, the front of the label bears the words Yorkshire Bitter printed in white on a red roundel which surrounds a slightly stylised white rose emblem with red accents. The words printed in gold on the bottom of the roundel read "BREWED BY CROPTON BREWERY, CROPTON, NORTH YORKSHIRE". The right hand side of the label, which appears towards the rear of the bottle, includes the following text:
- "Cropton, a tiny village on the edge of the North Yorkshire Moors National Park, has a brewing tradition dating back to 1613. This dark brown bitter exudes a roasted maltiness, with a hoppy character and wonderfully dry finish."
39. Initial orders were around 2,500 cases per quarter, but this declined as the Marks & Spencer range of regional beers expanded. Mr Lee's evidence was that in total about 250,000 bottles have been sold, but he was not able to provide precise sales figures.
40. It is not clear when or how Yorkshire Bitter came to Samuel Smith's attention. On 10 December 2007, however, Samuel Smith's trade mark attorneys sent a letter before action to Marks & Spencer alleging infringement of the Trade Mark and passing off. This letter was not copied to Cropton Brewery, nor was any separate letter sent to Cropton Brewery at that time. On 9 January 2008 Marks & Spencer replied denying infringement and passing off. Among the points made by Marks & Spencer were that a white rose was used by a number of organisations with Yorkshire connections, that its rose was very different to the Trade Mark, that its label clearly identified the source of the beer as Cropton Brewery and that there was no evidence of confusion. Marks & Spencer's reply was not copied to Cropton Brewery either. Nor did Marks & Spencer inform Cropton Brewery about the complaint at that time.
41. Samuel Smith consulted unidentified counsel about the matter in about March 2008, but otherwise no took action at that stage. Mr Horton's explanation for this was that in or shortly after April 2008 Samuel Smith discovered that The Sheffield Brewery Co Ltd was using a stylised rose device as a logo in connection with a range of beers. Mr Horton said that Samuel Smith has limited time and resources to pursue infringements of its rights, and decided to prioritise Sheffield Brewery. Negotiations between Samuel Smith and Sheffield Brewery led to a settlement agreement dated 24 April 2009 in which Sheffield Brewery undertook to cease use of the logo complained within approximately three months.
42. Mr Horton had no explanation, however, for the fact that when Samuel Smith's trade mark attorneys sent a letter before action to Cropton Brewery in respect of Yorkshire Warrior on 3 June 2009, no mention was made of Yorkshire Bitter. Nor was it mentioned in the first letter from Samuel Smith's solicitors to Cropton Brewery's solicitors dated 3 July 2009. Even Samuel Smith's Particulars of Claim served on 4 September 2009 did not make it clear that Samuel Smith was claiming in respect of Yorkshire Bitter as well as Yorkshire Warrior. It was only when Samuel Smith's solicitors sent Cropton Brewery's solicitors photographs of the products complained of on 14 September 2009 that it was made clear the claim related to both products. Upon receipt of this letter, Cropton Brewery's solicitors contacted Marks & Spencer.

It was only then that Cropton Brewery learned about Samuel Smith's trade mark attorneys' letter to Marks & Spencer dated 10 December 2007 for the first time.

43. On 30 October 2009 Cropton Brewery served its Defence and Counterclaim. The Counterclaim alleged that the 10 December 2007 letter was an unjustified threat of trade mark infringement proceedings. On 23 November 2009 Samuel Smith served its Reply and Defence to Counterclaim. The Defence to Counterclaim admitted that the 10 December 2007 letter had been sent, but denied that it was an actionable threat. On 9 March 2010 Cropton Brewery's solicitors wrote to the court saying that Cropton Brewery intended to make an application to join an unidentified third party (referred to as "the person who commissioned one of the designs") as a defendant to the proceedings. Following an enquiry about the proposed application by Samuel Smith's solicitors on 31 March 2010, on 14 April 2010 Cropton Brewery's solicitors wrote saying "we have spoken to Marks & Spencer who have indicated in the first instance that they would be agreeable to a round-table meeting with your clients ... Please let us know when it would be convenient for your client to attend such a meeting." On 22 April 2010 Samuel Smith's solicitors replied saying that Samuel Smith welcomed the suggestion of a meeting with Cropton Brewery and Marks & Spencer to try to resolve the dispute amicably, but saying it would be helpful if Cropton Brewery's solicitors could first supply some information in relation to Marks & Spencer's position, including "whether Marks & Spencer has been fully apprised of the current litigation". After a couple of further exchanges, on 4 June 2010 Cropton Brewery's solicitors wrote saying:

"We have been in contact with Marks & Spencer who have once again confirmed that they consider your client's case to have no merit whatsoever. We had hoped nonetheless that they would be willing to attend a meeting with your client...

Our client is very disappointed but Marks & Spencer remain resolute ... They therefore have no desire to attend any such meeting."

It was against this background that Samuel Smith's solicitors wrote the letter dated 7 July 2010 discussed below.

44. Mr Lee's evidence was that the last order received by Cropton Brewery for Yorkshire Bitter was in August 2010. Since the beer has a shelf-life of up to nine months, it will have remained on sale in Marks & Spencer for some time after that.
45. At the end of August 2010 Marks & Spencer produced or commissioned a revised label design for Yorkshire Bitter featuring a picture of cricketers in place of the white rose device. (In addition, the name of the beer was changed to Yorkshire Best Bitter.) Cropton Brewery subsequently agreed to use this re-designed label, although it meant writing off Cropton Brewery's stock of the old labels. The evidence is surprisingly unclear as to whether Cropton Brewery has ever actually supplied any beer to Marks & Spencer under the new label. In cross-examination Mr Lee said that some beer had been supplied under the new label, but other evidence suggests differently.
46. On 16 November 2010 Samuel Smith and Marks & Spencer concluded a settlement agreement in which Marks & Spencer undertook to change the label on Yorkshire

Bitter to “a label which does not include a stylised white rose or a design similar to the Trade Mark” as soon as reasonably possible after the date of the agreement, to ensure that no bottles bearing the label in issue were placed on its shelves after 31 May 2011 and to ensure that no such bottles remained on its shelves after 30 June 2011.

### *The Yorkshire Regiment*

47. The Yorkshire Regiment was formed on 6 June 2006 by an amalgamation of three antecedent regiments, the Prince of Wales’ Own Regiment of Yorkshire (“PWO”), the Green Howards and the Duke of Wellington’s Regiment, as well as local elements of the Territorial Army. The PWO in turn had been formed in 1958 from an amalgamation of the West Yorkshire Regiment (The Prince of Wales’ Own) and the East Yorkshire Regiment (The Duke of York’s Own). The Yorkshire Regiment is the only regiment in England and Wales that has a county name as its title, and the great majority of its soldiers come from Yorkshire. The soldiers are colloquially known as “Yorkshire Warriors”. The Yorkshire Regiment has served with distinction in both Iraq and Afghanistan, and continues to serve in the latter theatre.
48. The Yorkshire Regiment’s cap badge and crest comprise four elements: (i) a gold demi-lion rampant holding a pennon bearing the cross of St George, which was derived from the crest of the Duke of Wellington’s Regiment; (ii) a stylised white rose with silver edging, which was derived from the crest of the East Yorkshire Regiment; (iii) a green background, which was derived from the Green Howards’ crest; and (iv) a scroll with the word YORKSHIRE.
49. The cap badge is registered as United Kingdom Registered Trade Mark No. 2484267 as of 5 April 2008 in respect of a range of goods in Classes 9, 14, 16, 18, 21, 24, 25 and 28 including “glassware”, “tankards”, “coasters”, and “table mats”. The registered proprietor of this trade mark is the Secretary of State for Defence. There is no evidence before me as to the scale of the Yorkshire Regiment’s use of this trade mark. Nor is there any evidence as to how widely recognised it is as being the emblem of the Yorkshire Regiment. I suspect that it would be better recognised in Yorkshire than outside the county.
50. The Yorkshire Regiment has three regimental charities, one of which is the Yorkshire Regiment Benevolent Fund (“the Fund”). This provides benevolent support to the soldiers and their families.

### *Yorkshire Warrior*

51. Mr Lee’s brother Paul served with the Royal Electrical and Mechanical Engineers from 1986 to 1998. In the past other members of the family have served with the armed forces. Accordingly, in early 2008 Mr Lee and his brother decided to approach Yorkshire Regiment to see if they could assist with fund raising. They suggested that Cropton Brewery produce a beer profits from the sale of which would be donated to the Fund. After some initial discussions, on 14 March 2008 Lt Col O’Kelly sent Paul an email saying:

“... Thank you also for taking on the production of beer dedicated to the Regiment.



I am content for you to proceed using our cap badge and grateful that you will donate income (I believe you mentioned 20p per bottle sold) to our Benevolence Trust Fund. I attach a jpeg version of our badge and other images you may wish to use...

I would like to make a few changes to the words on the label which should now read as follows:

*'The Yorkshire Regiment*

The Yorkshire Regiment has been proudly serving the Sovereign, the Country and Yorkshire for over 300 years. Three of Yorkshire's finest infantry regiments – The Prince of Wales's Own Regiment of Yorkshire, The Green Howards and the Duke of Wellington's Regiment – finally came together in June 2006.

This beer has been produced not only to celebrate the proud achievements of the Regiment but also to commemorate the sacrifices the soldiers and their families have made for this country. Profits from the sale of this beer will go directly to the Yorkshire Regiment Benevolent Fund to help those who give so much and ask for so little.

If you have enjoyed this beer and want to learn more about the Regiment then visit [www.yorkshireregiment.mod.uk](http://www.yorkshireregiment.mod.uk). Thank you and cheers!"

52. The front of the Yorkshire Warrior label reproduces precisely the cap badge image which Lt Col O'Kelly attached to his email, with the addition of the word WARROR and a dark background. As can be seen from the photograph in paragraph 9 above, it does not include the Cropton Brewery house mark or any reference to Cropton Brewery. The left hand side of the label, which in use appears on the rear of the bottle, contains the text approved by Lt Col O'Kelly. The extreme right hand side of the label, which again appears on the rear of the bottle, bears the statement "A Cropton Brewery Product, Cropton, YO18 8HH [www.croptonbrewery.com](http://www.croptonbrewery.com)" in small print sideways on.
53. Yorkshire Warrior was launched on 23 April 2008. It came to the attention of Samuel Smith in May 2009. As noted above, Samuel Smith's trade mark attorneys sent a letter before action on 3 June 2009. Proceedings were issued on 19 August 2009.
54. In the meantime, on 4 August 2009 Cropton Brewery filed Application No. 2,522,387 to register the front of the Yorkshire Warrior label as a trade mark for "beer, lager, ale, stout, porter and shandy" and other goods in Class 32 ("the YW Application").
55. On 19 October 2009 Christopher Shea of the Defence Intellectual Property Rights ("DIPR") section of the Ministry of Defence wrote to Lt Col O'Kelly in response to emails from Lt Col O'Kelly requesting on behalf of Cropton Brewery a licence for the use of the Yorkshire Regiment cap badge on beer. In his letter Mr Shea stated:

“We have looked at the registered trade marks owned by Samuel Smith Old Brewery and have noted that their trade mark number 100657 is for a heraldic representation of a white rose, and is registered for ‘beer’.

We consider that there is a serious risk that licensing of the Yorkshire Regiment cap badge, which features a very similar heraldic representation of a white rose, would infringe these registered trade mark rights. Therefore, I regret that we are **not** able to grant Cropton Brewery a licence, on the grounds that this would expose the Ministry of Defence to legal action by Sam Smith’s.

I note that you have informally given your consent to Cropton Brewery to use the Yorkshire Regiments cap badge in the past. This was not given with the approval or knowledge of DIPR and as such this informal consent should be **withdrawn** immediately, and no more money accepted in recompense for any past consent on this issue. Please could you provide me with a communication when it has been sent.

DIPR are the only authority within MOD that has a delegation from the Secretary of State for Defence (and from the Comptroller of Her Majesty’s Stationery Office) to licence intellectual property rights, including trade mark, design and copyright rights in cap badges. While we exercise these rights in consultation with the Army, we ultimately have the responsibility to ensure that the MOD’s policy on respecting third party intellectual property is respected, and that the central MOD budget is protected from legal claims.”

56. On 21 October 2009 Mr Shea spoke to a representative of Cropton Brewery’s solicitors on the telephone about Cropton Brewery’s use of the Yorkshire Regiment cap badge. It is unclear who called whom, or what was said.

57. Lt Col O’Kelly telephoned Paul Lee on 22 October 2009, and relayed what he had been told by Mr Shea. The next day he wrote to Paul Lee saying:

“... I am sorry about the recent developments regarding the use of the Yorkshire Regiment cap badge. The instruction I have had in a very clear letter from the MoD is quite unequivocal; it states that I must withdraw immediately the informal consent that exists between us for the use of the cap badge. If only Sam Smith’s could be made to understand the implications of what they are doing.

I suspect it will depend on the outcome of the case, but if you feel you want to continue producing Yorkshire Warrior, but with a different label, we would of course be delighted.

...”

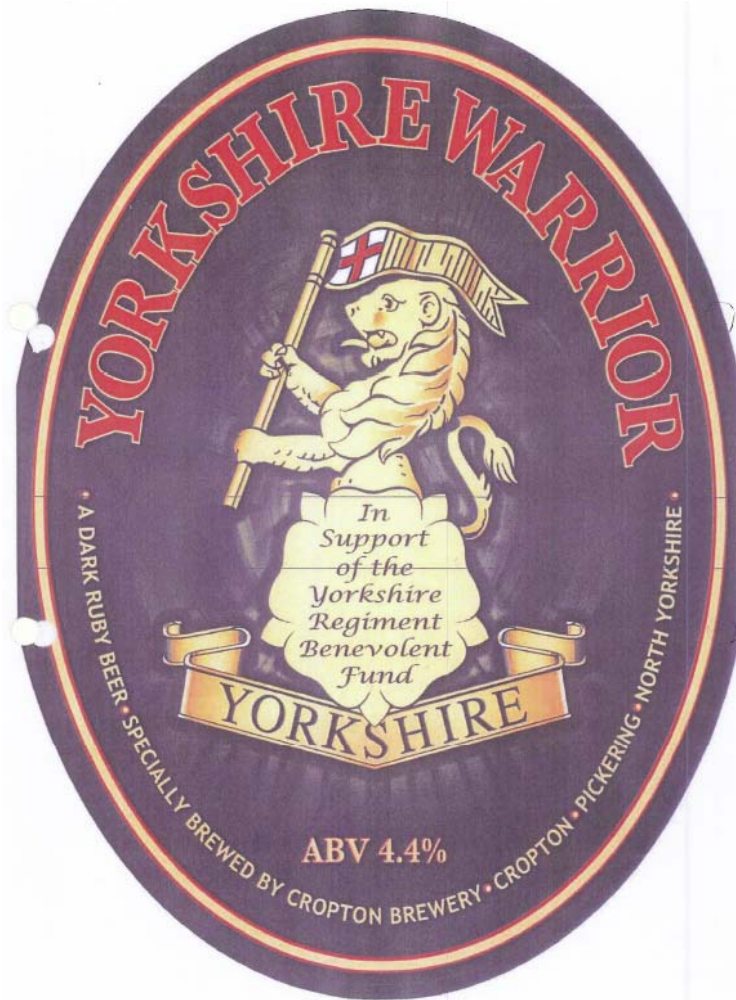
58. The YW Application was advertised on 30 October 2009. On 3 November 2009 Cropton Brewery's solicitors wrote to Mr Shea to follow up the telephone conversation on 21 October 2009. They explained that Cropton Brewery had always believed that it was using the Yorkshire Regiment cap badge with the licence of the Regiment and that Cropton Brewery was surprised by Samuel Smith's infringement claim. They also explained that Cropton Brewery had filed the YW Application, it believed with the consent of the Yorkshire Regiment, but that Cropton Brewery would be happy to assign the YW Application to the Secretary of State.
59. On 1 December 2009 another official in DIPR wrote to Cropton Brewery's solicitors in reply to their letter dated 3 November 2009, saying:

“We note the trade mark application made by your client under the mistaken impression that the Regiment had consented to the application. Irrelevant [sic] of the interaction between your client and the Regiment, DIPR are tasked with protecting the exclusive rights of the Secretary of State for Defence.

The badge of the Yorkshire Regiment is a registered trade mark in the UK (No. 248267) belonging to the Secretary of State for Defence. Your clients pending application contains the whole of this registered mark and we note your offer to assign your clients application to MOD. However, under the circumstances we request that your client withdraws their application immediately.

**Please treat this letter as notice that DIPR will oppose the registration of the mark if it is not voluntarily withdrawn by your client.”**

60. On 14 December 2009 Cropton Brewery withdrew the YW Application.
61. Despite receiving Lt Col O'Kelly's letter dated 22 October 2009 and withdrawing the YW Application, Cropton Brewery carried on using the Yorkshire Warrior label which reproduced the Yorkshire Regiment cap badge.
62. In about September 2010 Cropton Brewery agreed, via a company in which Mr Lee is involved called The Beer Company Ltd, to supply Yorkshire Warrior in cask to Mitchells & Butlers, a large operator of public houses, as a guest beer in its Nicholsons chain for a three month period beginning later that year. On their own initiative, Mr Lee and his business partner in The Beer Company Ltd, Joanne Taylor, decided to commission a modified label design for use on pump clips in Mitchells & Butlers' pubs. In the modified design, the white rose was replaced by a gold shield-like device having the same outline and bearing the words “In Support of the Yorkshire Regiment Benevolent Fund”. In addition, the word WARRIOR was removed from underneath the scroll and replaced by the words YORKSHIRE WARRIOR above the lion device. I reproduce the modified design below:



63. This development was reported by *The Press* of York on 8 October 2010. The article includes the following passages:

“A BREWERY has created this new design for its Yorkshire Warrior ale following a legal dispute over its use of Yorkshire’s white rose.

Cropton Brewery has replaced the rose with a shield in the design, which is now set to go on beer pump clips at pubs across the country.

...

Samuel Smith’s has claimed in a writ that the Warrior label, based on the emblem of the Yorkshire Regiment, has a rose which is ‘confusingly similar’ to the white rose which it has used as its trade mark since the 1960s. ...

Cropton has come up with the fresh design after regiment [sic] asked it to stop using its emblem.

A brewery spokesman said the new design had been approved by the regiment and could be used on pump clips possibly as soon as next week.

However, he said there was a stalemate over the labels on its Warrior beer bottles, which would be much more difficult and expensive to replace.

...”

64. In mid-November 2010 Simon Harrison, the head buyer of Wm Morrison Supermarkets plc (“Morrisons”), visited the New Inn by chance while holidaying in the area. Mr Harrison is a Territorial Army member of the Yorkshire Regiment. He was given a tour of the Brewery by Mr Lee. This led to an agreement for Cropton Brewery to supply Yorkshire Warrior to Morrisons. Lt Col O’Kelly’s evidence was that Cropton Brewery requested permission to use the Yorkshire Warrior label which reproduced the Yorkshire Regiment cap badge for this purpose, but that he said no to this in accordance with his instructions from Mr Shea. For his part, Mr Lee accepted that he did not have the Yorkshire Regiment’s consent to this. Despite this, Cropton Brewery did supply Yorkshire Warrior to Morrisons under that label.
65. When Samuel Smith became aware of the sale of Yorkshire Warrior in Morrisons, it complained to Morrisons. This led to Samuel Smith and Morrisons entering into a settlement agreement dated 2 June 2011 under which Morrisons undertook not to place any more orders for Yorkshire Warrior in its original label, to cancel existing orders, to use its reasonable endeavours to sell off its existing stock by 10 June 2011 and to remove any remaining stock from sale no later than 24 June 2011. The agreement expressly permits Morrisons to sell Yorkshire Warrior bearing the modified label produced for Mitchells & Butlers. It also permits Morrisons to carry out future acts which are permitted by any court order, including an order resulting from a successful defence of these proceedings by Cropton Brewery. Since the date of the agreement Cropton Brewery has not supplied any further quantities of Yorkshire Warrior to Morrisons.
66. Mr Lee’s evidence was that Cropton Brewery has sold about 10,000 bottles of Yorkshire Warrior per annum, plus smaller quantities in cask, but he was again unable to provide precise sales figures. Cropton Brewery has made periodic donations to the Yorkshire Regiment. Mr Lee accepted in cross-examination that Cropton Brewery had donated 10p per bottle sold to Morrisons. Furthermore, invoices disclosed by Cropton Brewery indicate that for other customers the donation was 50p per eight bottle case. Cropton Brewery has not provided the Regiment with any statements containing calculations of the amounts, nor has the Regiment carried out any kind of audit of the figures. As at 21 March 2011 £7,351 had been donated by Cropton Brewery to the Fund. In addition to making monetary donations to the Fund, Cropton Brewery has regularly donated quantities of the beer to the Yorkshire Regiment for enjoyment by the soldiers.

*Third party use of rose devices*

67. An important plank of Cropton Brewery’s case at trial was that there had been widespread use of white rose devices by third parties in relation to beer and related

goods and services. There is quite a lot of evidence on this subject, but its effect can be summarised as follows.

68. First, some of the evidence consists merely of trade mark registrations. As is well established, however, evidence of this kind does not prove use. Furthermore, some of the examples relied on are actually rather different to the Trade Mark. A good example of this is the registered trade mark owned by George Gale mentioned in paragraph 30 above. Not only is there no evidence of actual use of this trade mark, and indeed the registration has lapsed, but also the dominant element is the word TUDOR. It does include a monochrome rose device, but given the context I consider that the average consumer would interpret this as a Tudor (i.e. red and white) rose.
69. Secondly, some of the use relied on concerns the use of trade marks that consist of or include the words WHITE ROSE as opposed to white rose devices. Since the Trade Mark does not include the words WHITE ROSE, nor does Samuel Smith use those words on its labels or promotional materials, I agree with counsel for Samuel Smith that these instances are of little relevance.
70. Thirdly, some of the uses relied on concerns use of trade marks in relation to goods and services remote from beer, even including some as remote as alarms, books and taxis. Again, I agree with counsel for Samuel Smith that these instances are of little relevance.
71. Fourthly, even where white rose devices have been used, albeit in relation to remote goods or services, they are frequently quite different to the Trade Mark and combined with other distinguishing matter. A good example of this is the crest of Leeds United Football Club. This includes a white rose device as a part of a larger shield device and the letters LUFC. (Furthermore, although this is registered in Classes 32 and 33, there is no evidence of use in those classes.) Again, I agree with counsel for Samuel Smith that these instances are of little relevance.
72. Fifthly, probably the best instance of third party use other than in relation to beer in evidence is the White Rose Hotel. Mr Miles' evidence was that in his time the hotel used a white rose device with a yellow centre on signs and on menus and other stationery. In almost every case, however, the device was accompanied by the words THE WHITE ROSE. The principal exception to this was a single large sign on the exterior of the property, but the exterior also bore a sign with the words THE WHITE ROSE. Furthermore, all the uses appear to be in relation to the hotel. Finally, in May 2011 the hotel was refurbished and all of its signs and stationery replaced. The new signs and stationery feature a naturalistic line drawing of a white rose which is rather different to the Trade Mark.
73. Sixthly, there are only eight third parties who have been shown to have used white rose devices in relation to beer. They are all small undertakings whose use appears to have been brief and/or on a small scale. One of them, Sheffield Brewery, had already given Samuel Smith undertakings to cease use prior to the commencement of these proceedings. So far as the others are concerned, Samuel Smith only became aware of them when late evidence served by Cropton Brewery in these proceedings drew attention to them. Since then, several have given undertakings to cease or restrict their use. The upshot is as follows:

- i) Ossett Brewery's seasonal beer for June 2011 is called White Rose Wheat. The label features a naturalistic picture of a white rose bud and stem together with four ears of wheat. Its seasonal beer for August 2011 is Glorious Yorkshire. The label features a picture of a Yorkshire scene but also includes two small white rose devices with yellow centres. Neither of these beers is among Ossett's five permanent beers and neither was amongst its seasonal beers in 2010. Samuel Smith has no objection to the White Rose Wheat label. Ossett has given an undertaking only to use the Glorious Yorkshire label for the August 2011 seasonal beer and in respect of no more than 80 barrels of beer.
- ii) Ilkley Brewery markets a bottled beer called Ilkley Black. The right hand side of the label, which is visible from the rear of the bottle, contains a tiny white rose with a yellow centre surrounded by the words HAND BREWED IN YORKSHIRE. I suspect many drinkers of this beer will not have noticed this rose. It appears that Ilkley may use the same symbol on other beers, but if so the same comment would apply. In any event, it has only been in use since June 2009. There is no evidence of the extent of Ilkley's sales, but it appears to be a small concern.
- iii) York Brewery sold seasonal Pale Ale and Blonde beers with labels which included white rose device in May 2010. There is no evidence of the extent of York's sales of these beers, but it appears probable they were on a small scale. Samuel Smith's solicitors sent York a letter before action on 28 June 2011.
- iv) Suddaby's has used labels on one or more beers which include a very small white rose device with a yellow centre. I suspect many drinkers of these beers will not have noticed this rose. There is no evidence of the duration or extent of Suddaby's sales, but it appears to be a small concern. In any event, it has confirmed that it has ceased use of this style of label.
- v) Bradfield Brewery has marketed a beer called Yorkshire Farmer. The label includes a white rose in the background. Because it is in the background, I suspect many drinkers of these beers will not have noticed this rose even though it is quite visible once you realise it is there. There is no evidence of the duration or extent of York's sales of this beer, but it appears probable they were on a small scale. In any event Bradfield has decided to re-brand and has given an undertaking not to use any device similar to the Trade Mark.
- vi) White Rose Home Brew was recently using a white rose device on its website in relation to beer kits, but has now removed this.
- vii) White Rose Beer Festival is, as the name implies, a beer festival. It was held at MAGNA Science Adventure Park on 2-5 March 2011. In 2010 it was called the Great British Northern Beer Festival and before that the Rotherham Real Ale and Music Festival. This year it used an image of a comical sheep face superimposed on a white rose. The image has only been used in relation to the festival and not any of the beers featured.

The key provisions of the Directive

74. European Parliament and Council Directive 2008/95/EC of 22 October 2008 to approximate the laws of the Member States relating to trade marks (codified version) (“the Directive”) includes the following provisions:

*“Article 5*

**Rights conferred by a trade mark**

1. The registered trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

...

- (b) any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark

2. Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in the Member State and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

...

*Article 6*

**Limitation of the effects of trade mark**

1. The trade mark shall not entitle the proprietor to prohibit a third party from using in the course of trade:

...

- (b) indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of the service, or other characteristics of goods or services;

...

provided he uses them in accordance with honest practices in industrial or commercial matters”



75. These provisions are implemented in the UK by section 10(2),(3) and 11(2)(b) of the Trade Marks Act 1994. Corresponding provisions are contained in Articles 9(1)(b),(c) and 12(b) of Council Regulation 207/2009/EC of 26 February 2009 (codified version) on the Community trade mark (“the Regulation”).

Infringement under Article 5(1)(b)

*The law*

76. The manner in which the requirement of a likelihood of confusion in Article 5(1)(b) of the Directive, the corresponding provisions in the Regulation and the corresponding provisions concerning relative grounds of objection to registration in both the Directive and the Regulation should be interpreted and applied has been considered by the Court of Justice in a considerable number of decisions, and in particular the leading cases of Case C-251/95 *SABEL BV v Puma AG* [1997] ECR I-6191, Case C-39/97 *Canon Kabushiki Kaisha v Metro-Goldwyn-Meyer Inc* [1998] ECR I-5507, Case C-342/97 *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel BV* [1999] ECR I-3819, Case C-425/98 *Marca Mode CV v Adidas AG* [2000] ECR I-4861, Case C-3/03 *Matrazen Concord GmbH v Office for Harmonisation in the Internal Market* [2004] ECR I-3657, Case C-120/04 *Medion AG v Thomson Sales Germany & Austria GmbH* [2005] ECR I-8551 and Case C-334/05 *Office for Harmonisation in the Internal Market v Shaker de L. Laudato & C SAS* [2007] ECR I-4529.
77. The principles established by these cases in the registration context have been conveniently summarised by the Trade Marks Registry as follows:
- “(a) the likelihood of confusion must be appreciated globally, taking account of all relevant factors;
  - (b) the matter must be judged through the eyes of the average consumer of the goods or services in question, who is deemed to be reasonably well informed and reasonably circumspect and observant, but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind, and whose attention varies according to the category of goods or services in question;
  - (c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details;
  - (d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components, but it is only when all other components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements;
  - (e) nevertheless, the overall impression conveyed to the public by a composite trade mark may, in certain circumstances, be dominated by one or more of its components;

- (f) and beyond the usual case, where the overall impression created by a mark depends heavily on the dominant features of the mark, it is quite possible that in a particular case an element corresponding to an earlier trade mark may retain an independent distinctive role in a composite mark, without necessarily constituting a dominant element of that mark;
- (g) a lesser degree of similarity between the goods or services may be offset by a great degree of similarity between the marks, and vice versa;
- (h) there is a greater likelihood of confusion where the earlier mark has a highly distinctive character, either *per se* or because of the use that has been made of it;
- (i) mere association, in the strict sense that the later mark brings the earlier mark to mind, is not sufficient;
- (j) the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense;
- (k) if the association between the marks causes the public to wrongly believe that the respective goods [or services] come from the same or economically-linked undertakings, there is a likelihood of confusion.”

78. There is an important difference between the comparison of marks in the registration context and the comparison of mark and sign in the infringement context, namely that the former requires consideration of notional fair use of the mark applied for, while the latter requires consideration of the use that has actually been made of the sign in context. This was established by the judgment of the Court of Justice in Case C-533/06 *O2 Holdings Ltd v Hutchison 3G UK Ltd* [2008] ECR I-4231. In *Och-Ziff Management Europe Ltd v OCH Capital Ltd* [2010] EWHC 2599 (Ch), [2011] ETMR 1 at [77]-[78] I held that this involved consideration of the circumstances of the use of the sign complained of, but not consideration of circumstances prior to, simultaneous with or subsequent to the use of the sign.

#### *The present case*

- 79. Considering the various factors in turn, my assessment is as follows.
- 80. *The average consumer.* It is common ground that the average consumer in the present case is a consumer of beer.
- 81. *Identical goods.* It is common ground that the goods in relation to which Cropton Brewery has used the signs complained of are identical to the goods in respect of which the Trade Mark is registered, namely beer.
- 82. *The distinctive character of the Trade Mark.* Counsel for Cropton Brewery initially sought to argue that the Trade Mark had no distinctive character, but rather was entirely geographical in its connotations. During the course of argument, however, he was constrained to accept that, in the absence of any attack on the validity of the Trade Mark, the court had to proceed on the basis that it possessed at least some distinctive character. He submitted, however, that extent of that distinctive character

was minimal. He relied on various pieces of evidence in support of that submission. Perhaps the high point of his case was represented by a page from Michael Jackson's *Beer Companion* (1<sup>st</sup> edition, 1993). This has a photograph of a bottle of Samuel Smith NUT BROWN ALE (featuring the style of label depicted in paragraph 25 above) and a glass of beer (bearing the Trade Mark and the name SAMUEL SMITH). Underneath the photograph is the following caption:

“The one and only? Yorkshire people yield to none in regional pride. Is any other English county worth mentioning? Samuel Smith tops its labels and glasses with the county's emblem.”

83. There are two problems with this piece of evidence from Cropton Brewery's point of view, however. The first is that in fact the Trade Mark is not “the county's emblem”. It is telling that when counsel for Cropton Brewery cross-examined Samuel Smith's witnesses on this passage, he did not take them to any specific device as representing “the county's emblem”, but instead relied on their mental image of a Yorkshire rose, that is to say, the concept. When I asked counsel for Cropton Brewery in closing submissions to identify his best example of a Yorkshire rose (i.e. the rose symbolising the county closest to the Trade Mark), he took me to a photograph of a painted masonry rose on Lendal Bridge in Yorkshire which to my eyes looks rather different to the Trade Mark: it has four green sepals, no black rings and a gold centre. Equally different is perhaps the most authoritative instance of a Yorkshire rose in evidence, namely the one on the Yorkshire county flag registered in the United Kingdom Flag Registry:



84. The second problem is that, even to the extent that the Trade Mark is “the county's emblem”, that does not prevent it from having acquired a secondary meaning in the context of beer as denoting Samuel Smith's beers. Indeed, in my view, the entry in the *Beer Companion* is evidence of secondary meaning.
85. Samuel Smith does not dispute that a white rose is the emblem of the county of Yorkshire. Nor does it dispute that the Trade Mark is intended to evoke an association with Yorkshire. It contends, however, that the Trade Mark is a stylised form of white rose which had some distinctive character from the outset and has acquired a greater degree of distinctive character as a result of the use that Samuel Smith has made of it over the past 40 years.

86. Counsel for Cropton Brewery pointed out that Samuel Smith has not produced sales figures for all the beer (and other goods) sold under the Trade Mark. In my view this is quite understandable: given the length and scale of the use, it would be a substantial exercise to produce such figures even if it were possible, and I consider that the cost would have been disproportionate. In any event, there are some sales figures in evidence for just one of Samuel Smith's beers. It is manifest that Samuel Smith has made very substantial sales under and by reference to the Trade Mark. Counsel for Cropton Brewery also pointed out that Samuel Smith had not given details of all its advertising and promotional expenditure. Again, however, I consider that this would have been disproportionate. Mr Horton gave evidence that current expenditure was in six figures per annum, and he also gave examples of specific items of expenditure. Again, it is manifest that substantial sums have been spent over the last 40 years. Finally, counsel for Cropton Brewery pointed to the absence of any survey or trade evidence. That is true, although there is evidence of some limited weight from Mr Blackett.
87. What Samuel Smith has produced is cogent evidence of the nature, extent and duration of its use, from which the court is able to draw appropriate inferences. This is supported by evidence from Messrs Coles, Davidson and Taylor and Ms Hastings as to the distinctiveness of the Trade Mark. There is also the absence of evidence of any substantial third party use of stylised white rose devices in relation to beer. Considering the evidence as a whole, I am satisfied that the Trade Mark has acquired a reasonably strong distinctive character.
88. *What are the signs used by Cropton Brewery?* Counsel for Samuel Smith opened the case on the basis that the signs used by Cropton Brewery were the two white rose devices. By contrast, counsel for Cropton Brewery approached the case on the basis that the signs consisted of the entire labels. I do not consider that either position is correct.
89. In the case of Yorkshire Warrior, I acknowledge that the white rose device is printed in different colours to the remainder of the cap badge image, and as such it stands out prominently, but even so I consider that it forms part of the composite image. The words YORKSHIRE WARRIOR, on the other hand, seem to me to form a separate sign (and that is so even though the word YORKSHIRE is superimposed on the scroll). The remainder of the label is plainly distinct from those two signs.
90. The Yorkshire Bitter label is more difficult. It is certainly possible to view the white rose device as a distinct sign, but given the overall design and the red accents, I think the better view is that the roundel plus white rose device comprise a composite sign. Again, I see the words YORKSHIRE BITTER as a separate sign; Cropton Brewery as a separate sign again; and the remainder of the label as distinct.
91. It should be said, however, that it does not matter greatly how one analyses the signs, given that the Trade Mark only consists of a white rose device and given that one the hand regard must be had to the signs' dominant elements and on the other hand their impact must be assessed in context, that is to say, in the context of the surrounding matter.
92. *What are the dominant elements of the signs?* In my judgment the white rose devices are the dominant elements of both signs.

93. *Visual, aural and conceptual similarities.* In this case the only meaningful comparisons are the visual and conceptual ones. Visually, there are both similarities and differences between both signs and the Trade Mark. The similarities are restricted to the presence of the white rose devices. I consider that the white rose device on the Yorkshire Warrior label is closer to the Trade Mark than the white rose device on the Yorkshire Bitter label. The white rose device on the Yorkshire Warrior label is in fact oriented differently to the Trade Mark, in the sense that it has two sepals pointing up and three down whereas the opposite is true of the Trade Mark; but that is the sort of difference which is much more likely to be noticed on a side-by-side comparison than when relying on memory. More significant is the difference in colours. As for the white rose device on the Yorkshire Bitter label, this not only has a more smoothly circular design, but also the red accents are quite noticeable.
94. Conceptually, all three white rose devices will be recognised by the average consumer as being associated with Yorkshire. In my view this is particularly true of the white rose on the Yorkshire Bitter label, which apart from its orientation and detailed colouring is quite similar to the rose in the Yorkshire county flag. As discussed above, however, this does not necessarily mean that the devices will be perceived as only denoting a connection with Yorkshire.
95. *No evidence of actual confusion.* It is common ground that there is no evidence of any actual confusion. Understandably, counsel for Cropton Brewery relied strongly on this as indicating that there is no likelihood of confusion. As he rightly accepted, however, this is not conclusive. In considering the weight to be attached to this factor, it is relevant to consider what opportunity there has been for confusion to occur and what opportunity there has been for any such confusion to be detected.
96. In the case of Yorkshire Bitter, there was ample opportunity for confusion to occur since it was sold for around three years on a moderately substantial scale. On other hand, for most of the first year, Marks & Spencer was well known only to sell own-brand products. Accordingly, counsel for Samuel Smith suggested that some consumers might have thought that the beer was produced by Samuel Smith for Marks & Spencer without that being detected. One problem with this theory is that the front of the label identifies the brewer as Cropton Brewery, albeit not very prominently. In any event, there is no evidence to substantiate the theory.
97. In the case of Yorkshire Warrior, this has been sold for a shorter period of time, in a much smaller geographical area (save for the sales in Morrisons), and in much smaller quantities. Furthermore, a proportion of the beer will have been consumed by soldiers from the Yorkshire Regiment who know the cap badge intimately. Still further, the sales through Mitchells & Butlers were under a label which does not include the white rose element.
98. *Evidence of likelihood of confusion.* Samuel Smith did not carry out a survey to support its case of likelihood of confusion. Instead, it relied on the evidence of Messrs Blackett, Coles, Davidson and Taylor and Ms Hastings. I have already concluded that Mr Blackett's evidence is of no weight. Counsel for Cropton Brewery submitted that the evidence of the other four witnesses was of no weight either. In short, each of the witnesses was contacted by Mr Horton to ask if they would be willing to give evidence. It appears that he explained to them, at least in brief outline, the reason why they were being asked to give evidence. They were then sent a print-out of the Trade

Mark registration and photographs of a bottle of Yorkshire Warrior and of the label by Samuel Smith's solicitors. Then a witness statement was taken from them, in which they expressed opinions to the effect that the white rose device was confusingly similar to the Trade Mark. As counsel for Cropton Brewery pointed out, it is a striking feature of this aspect of the case that none of these witnesses were shown the Yorkshire Bitter label or asked to comment on it.

99. I agree with counsel for Cropton Brewery that the evidence contained in the witness statements of these witnesses is of relatively little weight given that they were not presented with Yorkshire Warrior in anything resembling the normal circumstances of consumption. On the other hand, I consider that some of the oral evidence of the three independent witnesses has greater weight. All three witnesses impressed me with their sincerity.
100. Mr Coles said that, directly after his telephone conversation with Mr Horton, he visited the Cropton Brewery website and saw the Yorkshire Warrior beer label there. The white rose caught his eye, and even knowing that it was not a Samuel Smith product, he was momentarily confused. More importantly, he said that his shops had shelves with hundreds of bottles on them, and that if he saw a bottle of Yorkshire Warrior on such a shelf at a distance "I would think, oh gosh, there's another Sam Smiths there, and I would have to go closer to realise that it was not".
101. Mr Davidson gave the following evidence:
- "Q. ... And you said you were sent  
a photograph of -- you were sent a number of  
photographs; were you?  
...  
A. Yes, a photograph. In fact there may even have been two  
photographs in that, but there was definitely the one of  
Warrior beer, and at first sight, when I opened it, as  
with most -- if one receives an envelope, with a photo  
in, I tend to look at the photo, because the photo  
slipped out. It was underneath but I remember pulling  
it out because I wondered what it was. At first  
I thought it was a letter from Christian Horton  
saying -- about a new product.  
Q. Yes?  
A. And I looked at the photo and assumed it was a new  
product, and then obviously I looked at the letter and  
the heading was 'Travers Smith', so I looked into it  
a bit closer and realised it wasn't a Samuel Smith beer.  
But at first I thought it was. I thought it was a new  
sort of summer/spring ale or something because I had had  
a photo from Christian Horton a few years before with a  
winter warmer ale photograph in it, to tell me about  
them. So I assumed it was from him at first."
102. Ms Hastings said in her witness statement that her initial reaction when she saw the photographs of Yorkshire Warrior that the product was a Samuel Smith beer given the use of the white rose. She explained this in cross-examination as follows:

“Q. Can I ask you, Ms Hastings, all of this taking place in your house, so you were reviewing all of this in the house?

A. Yes.

Q. Yes. And it's fair to say, would you agree, that that's not the normal consumer experience, is it? Sorry, I ought to let you --

A. Well, it isn't in a way, no. No, I accept that we get all of our experiences from a wide range of things such as television, off the internet, in newspapers, and rather than actually see the product on the shelf, we do rely on these other images.

Q. Yes. And it is fair to say that when you were discussing your initial reaction, you were hypothesising as to what might happen?

A. Not really, no, because I think symbols are very important and, to me, my own life experience, the white rose symbol is always, for me, a symbol of Samuel Smiths brewery and ales, and that's just a personal view. It's not the view of anyone else. It's just my personal view.

Q. But it wasn't the normal scenario in which you buy, for example, the golden barley wine, as you said?

A. Well, all Samuel Smiths ales, they all have that white rose symbol, and it's something what you do look out for if you were buying a bottle of beer, or a barley wine.

Q. Absolutely. But the context in which you were looking at the Yorkshire Warrior product and the Sam Smith product was not what you'd expect in a shop, for example?

A. Well, it can't be, because obviously, not seeing it in a three dimension --

Q. Yes?

A. -- you're just seeing it as a printed page and you're not seeing it in the actual colours.

Q. Yes.”

103. In addition to this evidence, there are in evidence some photographs taken inside an independent beer retailer showing Yorkshire Warrior displayed on a different shelf to the other Cropton Brewery beers on sale. As counsel for Samuel Smith submitted, this is suggestive in itself. But perhaps more importantly, if Mr Coles' evidence is considered with this in mind, one can see the possibility for consumers viewing bottles of Yorkshire Warrior on a shelf to be led by the white rose device to think that the beer is a Samuel Smith product or connected with it.
104. *Overall conclusions.* Taking all these factors into account, my conclusions are as follows.

105. So far as Yorkshire Bitter is concerned, the identity of the goods and the distinctive character of the Trade Mark favour a likelihood of confusion, but the differences between the white rose device and the Trade Mark, the remainder of the sign and the identification of Cropton Brewery as the producer on the front of the label all militate against it. Samuel Smith has not adduced any evidence of weight to demonstrate a likelihood of confusion. Samuel Smith's dilatoriness in pursuing Marks & Spencer and Cropton Brewery over the matter suggests that it did not consider that there was a real likelihood of confusion. I infer that Yorkshire Bitter was only included in the case because Samuel Smith thought it would look odd to pursue Yorkshire Warrior without pursuing Yorkshire Bitter. Be that as it may, the evidence of experience strongly suggests that there is no likelihood of confusion. Overall, I am not persuaded that Samuel Smith has established that there is a likelihood of confusion.
106. Turning to Yorkshire Warrior, the identity of the goods and the distinctive character of the Trade Mark again favour a likelihood of confusion. In this case the white rose device is more similar to the Trade Mark, and it is more a dominant element of the sign, than in the case of Yorkshire Bitter. Importantly, Cropton Brewery is not identified as the producer on the front of the label. Furthermore, I think many consumers would miss the small print identifying it on the rear of the label. The evidence of the three independent witnesses considered above is some evidence of a likelihood of confusion, although not strong evidence. As I have explained, there is also the evidence of how Yorkshire Warrior has been sold in at least one retail outlet. Although there is no evidence of actual confusion in practice, for the reasons given above it is more difficult to place confidence in this as showing there is no likelihood of confusion than in the case of Yorkshire Bitter. In my view the majority of consumers will not be confused. Overall, however, I am persuaded that there is a likelihood that some consumers will be confused into believing either that Yorkshire Warrior is a Samuel Smith product or that it has some other connection with Samuel Smith.

Infringement under Article 5(2)

107. It is clear that Samuel Smith's main claim is under Article 5(1)(b). In its Particulars of Claim Samuel Smith also pleaded an alternative case under Article 5(2), but only in formulaic terms. In counsel for Samuel Smith's opening skeleton argument, there were two passing references to this alternative case, but it was not separately developed and no authorities on this area of the law were cited. Nor was it mentioned in her opening speech. In her written closing submissions, the alternative case was not mentioned at all. When I asked her during closing speeches whether she was still pursuing the alternative case, she replied that she was not abandoning it, but that she did not rely on evidence in support of it other than the evidence she relied on in support of the Article 5(1)(b) claim. Accordingly, I do not propose to deal with it at any length.
108. I reviewed the law in *Och-Ziff* at [125]-[130] and [135] and in *Datacard Corp v Eagle Technologies Ltd* [2011] EWHC 244 (Pat), [2011] RPC 17 at [290]-[294].
109. In my judgment, the Trade Mark has a sufficient reputation for Samuel Smith to be able to claim protection under Article 5(2). I also consider that use of both of the signs complained of will give rise to a "link" with the trade mark in the mind of the average consumer. If it is assumed that there is no likelihood of confusion in either case,



however, I do not consider that Samuel Smith has any coherent case that use of the signs takes unfair advantage of the reputation of the Trade Mark or is detrimental to the distinctive character or repute of the Trade Mark.

110. This may be illustrated by considering what is probably Samuel Smith's best case under Article 5(2), namely its case that the Yorkshire Warrior sign is detrimental to the repute of the Trade Mark. The text on the label quoted above states that "Profits from the sale of this beer will go directly to the Yorkshire Regiment Benevolent Fund". As Mr Lee accepted in cross-examination, consumers would be likely to understand this to mean that all profits from the sale of the beer go to the Fund. As he also accepted, however, in fact this is not the case. Counsel for Samuel Smith submitted that, once consumers realised this, the reputation of the Trade Mark would suffer. She did not explain, however, how this would be likely to occur if consumers were not confused into believing that Yorkshire Warrior was a Samuel Smith product or otherwise connected with Samuel Smith.

#### Defence under Article 6(1)(b)

##### *Indications concerning geographical origin*

111. Cropton Brewery contends that the white rose elements of the signs complained of are "indications concerning the ... geographical origin" of the goods, namely Yorkshire. Counsel for Samuel Smith did not accept that this was the case, but offered no coherent argument to the contrary. In my judgment both devices are intended to be, and will be, perceived by the average consumer as, indications that the two beers are brewed in (or otherwise associated with) Yorkshire, as in fact they are.

##### *Use in accordance with honest practices in industrial or commercial matters: the law*

112. I considered the law on this point in *Cipriani*, which was a case under Article 12(a) of the Regulation corresponding to Article 6(1)(a) (use of own name), at [142]-[152]. For the reasons I gave at [153]-[164], I concluded that the defendants' use in that case was not in accordance with honest practices. On appeal, the Court of Appeal agreed that the defendants' use was not in accordance with honest practices and did not appear to differ from my analysis of the law: see [2010] EWCA Civ 110, [2010] RPC 16 at [74]-[85]. In *Och-Ziff*, which was another Article 12(a) case, I again concluded that the defendants' use was not in accordance with honest practices for the reasons I gave at [142]-[151]. I considered the law in the context of a case under Article 6(1)(c) of the Directive (use to indicate intended purpose) in *Datacard* at [297]-[299]. For the reasons I gave at [347]-[356] and [367] I considered that the defendant's use was not in accordance with honest practices in respect of the earlier periods in issue, but for the reasons I gave at [373] it was in accordance with honest practices in respect of a later period.
113. This is the first occasion on which I have had to consider this issue in relation to an Article 6(1)(b) case. This makes little difference to the principles to be applied to the question of whether use in accordance with honest practices, however. I would summarise those principles as follows.
114. First, the requirement to act in accordance with honest practices in industrial or commercial matters "constitutes in substance the expression of a duty to act fairly in

relation to the legitimate interests of the trade mark proprietor”: see Case C-63/97 *Bayerische Motorenwerke AG v Deenik* [1999] ECR I-905 at [61], Case C-100/02 *Gerolsteiner Brunnen GmbH & Co v Putsch GmbH* [2004] ECR I-691 at [24], Case C-245/02 *Anheuser-Busch Inc v Budejovicky Budvar np* [2004] I-10989 at [82], Case 228/03 *Gillette Co v LA-Laboratories Ltd Oy* [2005] ECR I-2337 at [41] and Case C-17/06 *Céline SARL v Céline SA* [2007] ECR I-7041 at [33].

115. Secondly, the court should “carry out an overall assessment of all the relevant circumstances”, and in particular should assess whether the defendant “can be regarded as unfairly competing with the proprietor of the trade mark”: see *Gerolsteiner* at [26], *Anheuser-Busch* at [84] and *Céline* at [35].
116. Thirdly, an important factor is whether the use of the sign complained of either gives rise to consumer deception or takes unfair advantage of, or is detrimental to, the distinctive character or repute of the trade mark. If it does, it is unlikely to qualify as being in accordance with honest practices: see *Gillette* at [49], *Anheuser-Busch* at [83] and *Céline* at [34].
117. Fourthly, a mere likelihood of confusion will not disqualify the use from being in accordance with honest practices if there is a good reason why such a likelihood of confusion should be tolerated. Thus in *Gerolsteiner*, which was an Article 6(1)(b) case, the Court of Justice held at [25]:

“The mere fact that there exists a likelihood of aural confusion between a word mark registered in one Member State and an indication of geographical origin from another Member State is therefore insufficient to conclude that the use of that indication in the course of trade is not in accordance with honest practices. In a Community of 15 Member States, with great linguistic diversity, the chance that there exists some phonetic similarity between a trade mark registered in one Member State and an indication of geographical origin from another Member State is already substantial and will be even greater after the impending enlargement.”

118. In applying these principles in *Cipriani*, *Och-Ziff* and *Datacard*, it can be seen that I have treated the following factors as material:
  - i) whether the defendant knew of the existence of the trade mark, and if not whether it would have been reasonable for it to conduct a search;
  - ii) whether the defendant used the sign complained of in reliance on competent legal advice based on proper instructions;
  - iii) the nature of the use complained of, and in particular the extent to which it is used as a trade mark for the defendant’s goods or services;
  - iv) whether the defendant knew that the trade mark owner objected to the use of the sign complained of, or at least should have appreciated that there was a likelihood that the owner would object;

- v) whether the defendant knew, or should have appreciated, that there was a likelihood of confusion;
- vi) whether there has been actual confusion, and if so whether the defendant knew this;
- vii) whether the trade mark has a reputation, and if so whether the defendant knew this and whether the defendant knew, or at least should have appreciated, that the reputation of the trade mark would be adversely affected;
- viii) whether the defendant's use of the sign complained of interferes with the owner's ability to exploit the trade mark;
- ix) whether the defendant has a sufficient justification for using the sign complained of; and
- x) the timing of the complaint from the trade mark owner.

119. I do not intend to suggest that this list is exhaustive. In other cases there may be other factors that are also relevant. An issue which arises in this case is whether it is material that the defendant had infringed, or at least acted in disregard of, third party intellectual property rights. Counsel for Samuel Smith submitted that it was. In support of this she relied on the Court of Justice's statement in *Anheuser-Busch* at [82] that the requirement of honest practices is "essentially the same condition as that laid down by Article 17 of the TRIPs Agreement", which provides:

"Members may provide limited exceptions to the rights conferred by a trade mark, such as fair use of descriptive terms, provided that such exceptions take account of the legitimate interests of the owner of the trade mark and of third parties."

120. I do not accept this. In *C. A. Sheimer (M.) Sdn Bhd's Trade Mark Application* [2000] RPC 484 at 500 Geoffrey Hobbs QC sitting as the Appointed Person said "I do not think that section 3(6) [of the Trade Marks Act 1994] requires applicants to submit to an open-ended assessment of their commercial morality...". Likewise I do not consider that the proviso to Article 6(1) requires defendants to submit to an open-ended assessment of their commercial morality. On the contrary, the Court of Justice has made it clear that the focus of the enquiry is whether the defendant has acted fairly in relation to the trade mark owner. Article 17 of TRIPs does not suggest otherwise, since it enables Member States to provide a range of limited exceptions provided that the exceptions take account of the legitimate interests of trade mark owner and (where relevant) third parties.

*The present case*

121. The two different uses complained of raise quite different considerations so far as honest practices are concerned.

122. *Yorkshire Bitter*. In my judgment, even if there was a likelihood of confusion within Article 5(1)(b), Cropton Brewery's use of the white rose element of the sign was in

accordance with honest practices in industrial and commercial matters for the following reasons.

123. First and foremost, as noted above, the Yorkshire Bitter label was designed by or on behalf of Marks & Spencer. Samuel Smith has made no attempt whatever to challenge, or even investigate, the honesty of Marks & Spencer's use of the white rose element. In those circumstances Marks & Spencer is entitled to the presumption that it has acted in accordance with honest practices. This is reinforced by the fact that when Samuel Smith complained, Marks & Spencer responded strongly denying infringement and Samuel Smith did not pursue the matter for some 2½ years. If Marks & Spencer acted in accordance with honest practices, I can see no basis for concluding that Cropton Brewery did not.
124. Secondly, although Mr Lee was aware of Samuel Smith's use of the Trade Mark, it does not appear that he was aware that it was a registered trade mark prior to receipt of the letter dated 3 June 2009. There is no reason why he should have undertaken a search or obtained legal advice prior to then, since he was entitled to assume that Marks & Spencer would do what was necessary in that regard.
125. Thirdly, Samuel Smith only made it clear that it was complaining about Yorkshire Bitter on 14 September 2009. Furthermore, it was only then that Mr Lee discovered about the earlier complaint to Marks & Spencer. In my view Mr Lee would have been entitled to view Samuel Smith's claim in respect of Yorkshire Bitter as a distinctly half-hearted one, a view that could only have been reinforced by Samuel Smith's conduct of the claim subsequently.
126. Fourthly, there is no evidence of actual confusion. Nor is there any evidence of any other adverse effect on the Trade Mark or its reputation.
127. Fifthly, I consider that most consumers will perceive the white rose element of the Yorkshire Bitter label purely as denoting geographical origin, and/or as being decorative, rather than as indicating the trade origin of the beer.
128. Sixthly, Mr Lee had a reasonable justification for using the white rose, namely to denote the Yorkshire origin of the beer.
129. All in all, I do not consider that Cropton Brewery has competed unfairly with Samuel Smith in this regard.
130. *Yorkshire Warrior*. In my judgment, Cropton Brewery's use of the white rose element of the sign was in accordance with honest practices until the end of October 2009, but not subsequently, for the following reasons.
131. So far as the period prior to the end of October 2009 is concerned, the position is somewhat similar to the position regarding Yorkshire Bitter. First, the Yorkshire Warrior label, and in particular the white rose element, reproduces the Yorkshire Regiment cap badge. Mr Lee reproduced this with Lt Col O'Kelly's consent, and he had no reason to suppose either than Lt Col O'Kelly did not have authority to give that consent or that use of the cap badge might infringe another party's rights.

132. Secondly, for most of this period Mr Lee was unaware that the Trade Mark was registered as a trade mark. Given the derivation of the Yorkshire Warrior label, and his own position as small sole trader, it was reasonable for him not to conduct a search.
133. Thirdly, it was only in June 2009 that Samuel Smith complained. In the circumstances it was reasonable for Cropton Brewery to require some time to investigate the complaint and consider its position.
134. Fourthly, although I have concluded that there is a likelihood of confusion, there is no evidence of actual confusion having come to light. Nor is there any evidence of any other adverse effect on the Trade Mark or its reputation.
135. Fifthly, I consider that the majority of consumers will perceive the white rose element of the Yorkshire Warrior label as denoting geographical origin and/or as denoting a connection with the Yorkshire Regiment, rather than as indicating the trade origin of the beer.
136. Sixthly, Mr Lee had a reasonable justification for using the white rose, namely to denote both the connection with the Yorkshire Regiment and the Yorkshire origin of the beer.
137. All in all, I do not consider that Cropton Brewery competed unfairly with Samuel Smith during this period.
138. Turning to the period since the end of October 2009, however, I consider that the position is different. The fourth, fifth and sixth factors discussed above remained the same, but the first, second and third did not.
139. So far as the first factor is concerned, Cropton Brewery was informed towards the end of October 2009 that (a) Lt Col O'Kelly did not have authority to give it permission to use the Yorkshire Regiment cap badge in relation to beer, (b) the Ministry of Defence was unequivocally and with immediate effect withdrawing the informal licence previously granted by Lt Col O'Kelly, (c) the reason for this was that the Ministry of Defence considered that there was a serious risk that use of the cap badge in relation to beer infringed the Trade Mark and (d) the Yorkshire Regiment would be happy for Cropton Brewery to continue to produce Yorkshire Warrior under a different label. Despite this, Cropton Brewery carried on as before.
140. For the reasons given above, I do not regard it as material that, in continuing to use the label complained of in disregard of the instructions conveyed by Lt Col O'Kelly, Cropton Brewery was almost certainly infringing the trade mark rights and copyright in the Yorkshire Regiment cap badge owned by the Secretary of State for Defence, although I am bound to say that I am unimpressed by this conduct. What is material is the reason why the Ministry of Defence withdrew the informal licence, namely in order to respect Samuel Smith's trade mark rights, and the fact that the Yorkshire Regiment made it clear that it would be happy for the label to be changed.
141. So far as the second factor is concerned, by the end of October 2009, Mr Lee was well aware of the registration of the Trade Mark.

142. As to third factor, by the end of October 2009 the proceedings were under way and Cropton Brewery had had a reasonable opportunity to consider its position. Counsel for Cropton Brewery relied on the fact that Mr Lee stated in paragraph 31 of his second witness statement that it was reasonable for him not to give the undertaking requested by Samuel Smith's trade mark attorneys and solicitors in the pre-action correspondence because his solicitors had advised him that the Yorkshire Warrior label did not infringe the Trade Mark. This evidence does not establish that Cropton Brewery acted in accordance with honest practices after the end of October 2009. The evidence only relates to the advice given prior to the commencement of proceedings, and it does not state what advice was given in relation to the claim for passing off. More fundamentally, as counsel for Samuel Smith pointed out, Cropton Brewery has served a number of lists of documents in which it has claimed legal professional privilege in respect of all documents containing legal advice given to it by its solicitors and counsel. I asked counsel for Cropton Brewery whether Cropton Brewery was prepared to waive this claim to privilege, to which the answer was no. In those circumstances I cannot place any weight on Mr Lee's evidence in paragraph 31 of his second statement. In saying this, I wish to make it clear that I recognise that the right to legal professional privilege is a fundamental one and that it is not permissible to draw any adverse inference from a refusal to waive legal professional privilege. I am not drawing any inference adverse to Cropton Brewery from its failure to disclose the legal advice. Rather, I am holding that it cannot rely on that advice as demonstrating that it has acted in accordance with honest practices without disclosing it.
143. A further factor which is relevant to this period is the Mitchells & Butlers episode. As related above, Mr Lee and Ms Taylor on their own initiative decided to commission a modified design of label for use on the pump clips to which Samuel Smith has no objection. As Lt Col O'Kelly confirmed, the modified design of label was also acceptable to the Yorkshire Regiment. This episode demonstrates a recognition on the part of Cropton Brewery that it was possible and desirable to make a modest change to the label to remove the cause of complaint. Furthermore, Cropton Brewery publicised this change via *The Press*. There is no explanation as to why Cropton Brewery did not make the same change to the labels on the bottles save the cost. But given the money spent on changing the design for the pump clips, the additional cost of changing the bottle labels would appear modest. In any event, the cost would have been miniscule compared to the costs expended by Cropton Brewery on these proceedings. I recognise, of course, that Cropton Brewery only made this change in October 2010, but in my view the desirability of it should have been equally apparent a year earlier.
144. Weighing these factors together, I conclude that Cropton Brewery has not acted fairly in relation to Samuel Smith's legitimate interests in the Trade Mark since the end of October 2009.

#### Passing off

145. Given the conclusions I have reached above, I do not propose to deal with the passing off claim at any length. The necessary elements for a claim in passing off were restated by the House of Lords in *Reckitt & Colman Products Ltd v Borden Inc* [1990] RPC 341 as follows:

- (1) the claimant's goods or services have acquired a goodwill in the market and are known by some distinguishing name, mark or other indication;
- (2) there is a misrepresentation by the defendant (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by the defendant are goods or services of the claimant (or connected with it); and
- (3) the claimant has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the defendant's misrepresentation.

146. The relevant date as at which these matters fall to be assessed is the date when the defendant commenced the acts complained of, here August 2007 (when Cropton Brewery started supplying Yorkshire Bitter to Marks & Spencer) and April 2008 (when it started selling Yorkshire Warrior).

*Goodwill*

147. For the reasons given above in relation to the distinctive character of the Trade Mark, I conclude that Samuel Smith owned a substantial reputation and goodwill in the Trade Mark at all material times.

*Misrepresentation*

148. In my judgment Cropton Brewery's use of the Yorkshire Warrior label, but not its use of Yorkshire Bitter label, gave rise to a misrepresentation for similar reasons to those I have given in relation to the claim for infringement of the Trade Mark under Article 5(1)(b).

*Damage*

149. In my judgment, the misrepresentation in relation to Yorkshire Warrior is damaging to the reputation and goodwill of the Trade Mark.

Cropton Brewery's counterclaim for threats

150. Section 21 of the 1994 Act provides:

“(1) Where a person threatens another with proceedings for infringement of a registered trade mark other than—

- (a) the application of the mark to goods or their packaging,
- (b) the importation of goods to which, or to the packaging of which, the mark has been applied, or
- (c) the supply of services under the mark,

any person aggrieved may bring proceedings for relief under this section.

(2) The relief which may be applied for is any of the following—

- (a) a declaration that the threats are unjustifiable,
- (b) an injunction against the continuance of the threats,
- (c) damages in respect of any loss he has sustained by the threats;

and the plaintiff is entitled to such relief unless the defendant shows that the acts in respect of which proceedings were threatened constitute (or if done would constitute) an infringement of the registered trade mark concerned.

- (3) If that is shown by the defendant, the plaintiff is nevertheless entitled to relief if he shows that the registration of the trade mark is invalid or liable to be revoked in a relevant respect.
- (4) The mere notification that a trade mark is registered, or that an application for registration has been made, does not constitute a threat of proceedings for the purposes of this section.”

151. Cropton Brewery claims that two letters sent on behalf of Samuel Smith to Marks & Spencer constitute groundless threats, namely the letter from Samuel Smith’s trade mark attorneys dated 10 December 2007 (“the first letter”) and the letter from Samuel Smith’s solicitors dated 7 July 2010 (“the second letter”). The second letter is not pleaded, but counsel for Samuel Smith sensibly took no point on this.
152. Curiously, neither counsel cited any authorities on section 21. The applicable principles are, however, fairly well established.

*First letter*

153. It is not necessary to set this letter out since counsel for Samuel Smith accepted that it was a threat of proceedings for infringement of a registered trade mark. Given my conclusions above, it was unjustifiable.
154. Counsel for Samuel Smith submitted that Cropton Brewery was not “a person aggrieved” in relation to this letter. The leading authorities as to what is required to be “a person aggrieved” are the decisions of the Court of Appeal in relation to the corresponding provisions in the Patents Acts 1949 and 1977 in *Reymes-Cole v Elite Hosiery Co Ltd* [1965] RPC 102 and *Brain v Ingledew Brown Bennisson & Garrett* [1996] FSR 341. In the latter case Aldous LJ, with whom Hobhouse and Beldman LJJ both agreed on this point, said at 350-351:

“The ambit of the word ‘aggrieved’ is a question of law, but whether or not a person is aggrieved by a threat is a question of fact. That was made clear by the Court of Appeal in *Reymes-Cole v. Elite Hosiery Co. Ltd* (1965) R.P.C. 102. At page 111 Wilmer L.J. said this:

‘ . . . the defendants’ right to relief must thus depend on whether they can show that they were persons aggrieved. It seems to me that the defendants could



only be aggrieved if it were shown that Messrs Lucas Brothers reaction or likely reaction, to the threat contained in the letter complained of was such as to be damaging to the defendants.

The defendants' own case, as set out in the correspondence, particularly in the letter from their solicitors of 16 September 1959 was that the particular type of stocking complained of had not been in production for some considerable time. The defendants could not be damaged by Messrs Lucas Brothers refusing to buy further supplies of this type of stocking, if it is true the defendants were no longer producing it. The only other way in which the defendants could be aggrieved would be if the evidence showed that Messrs Lucas Brothers refused altogether to do any further business with the defendants. It seemed to me at one time that this could well be a point of some substance. But it is a point that could only be established by evidence. No witness was called for Messrs Lucas Brothers to speak as to their reaction to the letter complained of, so that in the result the question of whether the defendants were likely to suffer any damage was left completely in the air. In the circumstances I do not think that the defendants proved that they were in any sense persons aggrieved. I have accordingly come to the conclusion that the learned judge's decision with regard to this aspect of the case cannot be supported.'

As is apparent from the reasoning of Wilmer L.J., the question of whether or not a person is aggrieved by a threat is in the main a question of fact to be established by evidence. If the threat is not made to the person himself, then he must establish by evidence that the threats have or are likely to cause him damage which is not minimal."

155. As Laddie J explained in *Brain v Ingledew Brown Bennisson & Garrett (No 3)* [1997] FSR 511 at 516-520, the requirement to show that "the threats have or are likely to cause him damage which is not minimal" does not mean that the claimant must prove loss of identifiable contracts. It is sufficient to show that "his commercial interests are or are likely to be adversely affected in a real as opposed to a fanciful or minimal way".
156. The first letter was a threat of infringement proceedings made to an important commercial customer of Cropton Brewery. Normally, I would have no hesitation in concluding that the supplier was "a person aggrieved" by such a threat to its customer. The circumstances of the present case are rather unusual, however. As discussed above, the allegedly infringing label was designed by Marks & Spencer, not by Cropton Brewery. Furthermore, and no doubt for this reason, Marks & Spencer replied to the first letter rather than passing it on to Cropton Brewery. Strikingly,

Cropton Brewery was not copied into this correspondence by either side, and knew nothing about it until nearly two years later. Above all, there is no evidence at all that the threat adversely affected Cropton Brewery's commercial relationship with Marks & Spencer at all. On the contrary, Marks & Spencer continued to purchase Yorkshire Bitter from Cropton Brewery under the same label for over 2 ½ years following the making of the threat. Furthermore, in both August 2009 and August 2010 Cropton Brewery received orders from Marks & Spencer for a seasonal winter beer called Christmas Ale in 2009 and Yorkshire Winter Ale in 2010. In these rather unusual circumstances, I conclude that Cropton Brewery has not established that it is "a person aggrieved" by the threat.

*Second letter*

157. It is necessary to quote the second letter in full:

**"Samuel Smith Old Brewery (Tadcaster) v Philip Lee (trading as Cropton Brewery) – HC 09C02982"**

We are instructed by Samuel Smith Old Brewery (Tadcaster) ('**Samuel Smith**').

As you may be aware, our client has brought proceedings against Philip Lee (trading as Cropton Brewery) for alleged trade mark infringement and/or passing off. Our client is the registered proprietor of UK trade mark number 1006571 (the '**Trade Mark**'), a copy of which is enclosed as annex 1. Our client's claims concern the image devices use on two types of beer produced by the Defendant. These devices are stylised white roses and are used on, inter alia, the bottle labels of the beers in question. In summary, our client's claims are that the use of these rose devices infringes the Trade Mark, on the basis that they are confusingly similar to the Trade Mark and are used on goods identical to those for which the Trade Mark is registered. In the alternative, our client claims that the Defendant has passed off his goods/business as being associated with the Claimant and/or its products or business.

One of the products in issue in the said litigation is the Marks & Spencer "Yorkshire Bitter" beer (the '**MS Bitter**'), which the Defendant produces for Mark & Spencer (a picture of this product is enclosed as annex 2). When proceedings were issued, our client believed that the Defendant had control of the labelling applied to the MS Bitter (at least to some extent) and that the Defendant would, therefore, be capable of resolving this claim without the need for Marks & Spencer to be involved in the proceedings. However, some time after proceedings had been issued, the Defendant notified the Claimant that he apparently had no control over the label used on MS Bitter, and that, on the contrary, the label design and choice of get up was entirely within the control of yourselves. Accordingly the Defendant indicated that he would not be able to resolve this

part of the dispute without the involvement of Marks & Spencer and that he considered that our client's claim should properly be brought against Marks & Spencer.

On 9 March 2010, the Defendant wrote to the Court to notify it that he (the Defendant) was intending to join a third party to the proceedings. We understood this to mean that the Defendant was intending to join you (Marks & Spencer) as a party to the proceedings.

To date, the Defendant has not in fact taken steps to join Marks & Spencer to the proceedings but it has become clear that the Defendant is not willing to enter into meaningful settlement discussions (which both parties previously considered to be in the best interests of all involved) with our client unless Marks & Spencer is joined as a party to proceedings. Our client had hoped that these proceedings could be resolved without the involvement of Marks & Spencer (primarily because of the additional costs that will have to be incurred by all parties), but the Defendant has made clear that (at least from his perspective) this will not be possible.

Accordingly, and given the above, rather than take steps to join Marks & Spencer as a party to the proceedings immediately, we consider that the sensible approach would be for the parties involved to have a round table meeting in order to discuss a resolution to these proceedings that would be acceptable to all parties. While we and our client consider that our client's claim has significant merit and our client is prepared to take this case to trial if necessary, our client is prepared to be reasonable in any settlement discussions (including in relation to the changes that are made to the infringing labels and to agreeing a run-off period for the current labels) as, naturally, it would prefer to avoid incurring the costs of taking multi-party litigation to trial, if a reasonable resolution can be reached.

Finally, you will have noted that this letter is written on an open basis; we would of course be content for any meeting or discussions to be conducted on either on [sic] open or a without prejudice basis, in whole or in part, as the parties felt was preferable.

We look forward to hearing from you at your earliest convenience, and in any event by 21 July 2010, as to whether you are willing to attend a meeting to discuss this matter. Please contact Helen Whitehead of these offices on the above details should you require any further information."

158. Counsel for Cropton Brewery submitted that this letter constituted or contained a threat of proceedings for infringement of a registered trade mark by Samuel Smith. Counsel for Samuel Smith disputed this.

159. The law as to what constitutes a threat was conveniently summarised by Lightman J in *L'Oréal UK Ltd v Johnson & Johnson* [2000] FSR 686 at [12]:

“The policy represented by the first statutory threats provision (section 32 of the Patents, Designs and Trade Marks Act 1883) was clearly to stop patentees who were (in Pope's words about Addison) ‘willing to wound but afraid to strike’ from holding the sword of Damocles above another's head: see Simon Brown L.J. in *Unilever plc v. Procter & Gamble Co.* [1999] I.P. & T. 171 at 189. The law as to the meaning of the word ‘threat’ is usefully summarised in the Encyclopaedia of U.K. and European Patent Law at paragraphs 10–402 and 10–403. In summary, the term ‘threat’ covers any intimation that would convey to a reasonable man that some person has trade mark rights and intends to enforce them against another. It matters not that the threat may be veiled or covert, conditional or future. Nor does it matter that the threat is made in response to an enquiry from the party threatened: *Unilever plc v. Procter & Gamble Co.* [1999] F.S.R. 849, 860 (Laddie J.), citing *Skinner v. Shew* [1893] 1 Ch. 413. In *Brain v. Ingledew Brown Benison & Garrett* [1996] F.S.R. 341, 349 Aldous L.J. stated:

‘... the conclusion as to whether a document amounts to a threat of patent proceedings is essentially one of fact. It is a jury-type decision to be decided against the appropriate matrix of fact. Thus a letter or a statement may on its face seem innocuous, but when placed in context it could be a threat of proceedings. The contrary is less likely but could happen.’

In *Bowden Controls Ltd v. Acco Cable Controls Ltd* [1990] R.P.C. 427, 432, in the course of considering whether it was arguable that the letter complained of was a threat, after stating that a threat can be veiled or implied just as much as it can be explicit, Aldous J. said:

‘... I believe that the purpose of the latter was to give [the recipient] information and a warning. That requires the answer: a warning as to what?’

The test is whether the communication would be understood by the ordinary recipient in the position of the claimant as constituting a threat of proceedings for infringement.”

As he went on to make clear at [16], it is immaterial that the threat is contingent.

160. The second letter must be read against the background set out in paragraphs 41-43 above. In my judgment, read against that background, the second letter does not constitute or contain a threat of proceedings for infringement of a registered trade mark by Samuel Smith. As Marks & Spencer was well aware, a threat had been made in the first letter, but Marks & Spencer had rebuffed that threat in its letter dated 8

January 2008 and Samuel Smith had not pursued the matter. As Marks & Spencer had also been made aware by Cropton Brewery's solicitors, Samuel Smith had brought proceedings against Cropton Brewery, but not against Marks & Spencer. As Marks & Spencer had also been made aware by Cropton Brewery's solicitors, and as the second letter re-iterates, it was Cropton Brewery, not Samuel Smith, which was threatening to join Marks & Spencer to those proceedings. The second letter says that Samuel Smith would prefer not to involve Marks & Spencer, but that Cropton Brewery is insistent. It goes on to say that, rather than join Marks & Spencer as a party to the proceedings, Samuel Smith wants to explore the possibility of a commercial settlement by round-table discussions on an open or without prejudice basis. In my view the reasonable recipient in the position of Marks & Spencer would not interpret this as a threat by Samuel Smith to bring infringement proceedings against it, but rather as an attempt by Samuel Smith to stop Marks & Spencer being dragged into these proceedings. In particular, the reasonable recipient in the position of Marks & Spencer would appreciate that the statement "we and our client consider that our client's claim has significant merit and our client is prepared to take this case to trial if necessary" relates to Samuel Smith's claim against Cropton Brewery.

161. If, contrary to the conclusion I have just reached, the second letter was a threat, then in my judgment Cropton Brewery is "a person aggrieved" by it. The letter appears to have led to Marks & Spencer making a change to the design of the Yorkshire Bitter label, with consequent cost to Cropton Brewery because it was forced to write off its stock of old labels. It also led to negotiations between Samuel Smith and Marks & Spencer which resulted in the settlement agreement, which prevents Marks & Spencer from selling Yorkshire Bitter under the old label. In these circumstances I consider that there is evidence that Cropton Brewery has suffered more than minimal damage as a result of the second letter.

### *Conclusion*

162. Accordingly the counterclaim is dismissed.

### Summary of conclusions

163. For the reasons give above I conclude that:
- i) Cropton Brewery has not infringed the Trade Mark by use of the Yorkshire Bitter label;
  - ii) Cropton Brewery has infringed the Trade Mark pursuant to Article 5(1)(b) by use of the Yorkshire Warrior label;
  - iii) Cropton Brewery has a defence in respect of its infringement of the Trade Mark by use of the Yorkshire Warrior label under Article 6(1)(b) in respect of the period to the end of October 2009, but not subsequently;
  - iv) Samuel Smith's claim for passing off succeeds in relation to the Yorkshire Warrior label, but not the Yorkshire Bitter label;

- v) The letter dated 10 December 2007 is an unjustifiable threat but Cropton Brewery is not “a person aggrieved” by it, while the letter dated 7 July 2010 is not a threat of infringement proceedings.

Postscript

164. In her skeleton argument, counsel for Samuel Smith drew attention to a number of open offers to settle the dispute which had been made by Samuel Smith. I asked her during her opening speech whether the parties had attempted mediation, and she said that they had not, although there had been two without prejudice meetings. In my view this is a case which should have been referred to mediation at an early stage. As I observed at the outset of this judgment, the costs are out of all proportion to what is at stake, particularly from Cropton Brewery’s perspective. The legal process appears to have caused the parties to become entrenched in their positions rather than seeking common ground. I suspect that the costs will themselves quickly have become an obstacle to settlement. Whether the fact that Cropton Brewery has been represented under two conditional fee agreements is a factor in this I cannot say. But what I can say is that in future disputes of this nature the possibility of mediation should be explored as soon as is practicable.